

Performance Audit in Washington

Implementing Initiative 900 and ESSB 6839

Presentation for the Transportation Commission - August 15, 2006



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Overview

- Brian Sonntag's vision for performance audit
- Steps to implementation
 - ESHB 6839: passed in 2006, calls for performance audits of transportation-related agencies
 - Initiative 900: calls for independent, comprehensive performance audits of state and local government
- Performance audit process
- Outreach efforts
- Status report; Work plan through 2009

Brian Sonntag's Vision for Performance Audit

Conduct independent, constructive, evidence-based audits that:

- Improve government openness
- Identify exemplary practices
- Report what is working and identify opportunities for improvement
- Are valued and used as a management tool
- Promote continual improvements in quality, efficiency and effectiveness

Steps to Implementation

State of Washington
State Auditor's Office

Brian Sonntag, CGFM
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Updated March 10, 2006

ESHB 6839

- Transportation-related performance audits
- First passed by Legislature in 2005, reaffirmed in 2006
- Performance audits must be completed by June 30, 2007
- Audits funded by ESHB 6839:

Features of Initiative 900

- Requires State Auditor to conduct independent, comprehensive performance audits of state agencies and local government
- Dedicates 1/100th of state sales tax to fund performance audits
- Urges State Auditor's Office to start with largest, costliest entities
- Specifies performance audits follow Government Auditing Standards from U.S. Government Accountability Office

Initiative 900 Requirements

1. Identify best practices.
2. Identify services that can be reduced or eliminated.
3. Identify programs or services that can be transferred to private sector.
4. Identify cost savings.
5. Recommend regulatory changes that allow entity to carry out its functions.

I-900 Requirements, Cont.

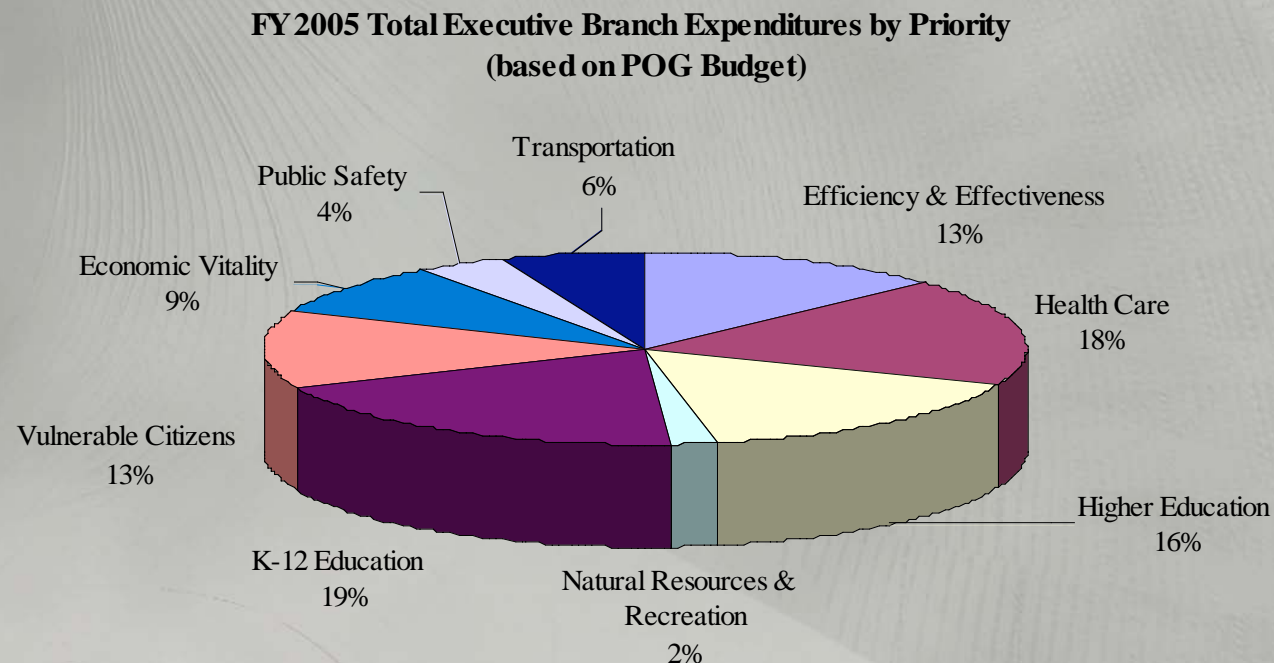
6. Analyze roles, functions and recommend changes, eliminations.
7. Analyze gaps, overlaps in programs or services.
8. Analyze feasibility of pooling technology systems.
9. Analyze departmental performance data, performance measures and self-assessment systems.

What Factors Determine Audits?

- Auditor judgment
- Public sentiment
- Feedback from the Governor, oversight entities, front-line employees and other interested parties
- Expected cost-benefit
- Best practices in performance audit
- Initiative mandates
- GMAP forums
- Priorities of Government budget process

What Factors Determine Audits, Cont.

- o Largest, costliest government priorities include:



State Auditor's Office Performance Audit Process

Standards

- Government auditing standards

Planning

- Evidence-based outreach efforts will shape the scope and objectives for our performance audits
 - ✓ Front-line employees
 - ✓ Government executives, managers
 - ✓ Those who do business with government
 - ✓ Those who are served by government

Field work

- The audit work is documented using a paperless system, making supervisory review, public disclosure and archiving a routine process

SAO's Performance Audit Process, Cont.

Performance audit reporting

- State Auditor's Web site (www.sao.wa.gov) and paper (upon request)
- Reports will contain:
 - Background, including results of outreach efforts that shaped audit scope and objectives
 - Objectives, scope and methodology
 - Recognition of exemplary or best practices
 - Opportunities for improvement
 - Internal control recommendations
 - Fraud, possible illegal acts and violations of contracts or grant agreements
 - Conclusions
 - Recommendations
 - Views of responsible officials

SAO's Performance Audit Process, Cont.

Other routine performance audit reporting features or services

- Digest
- Briefings and testimony at Legislative hearings
- Presentation materials

Outreach Efforts

- Town hall meetings
 - Summary of town hall meetings posted on Web site, distributed to participants, interested parties
- Focus groups
- Telephone surveys
- Interested parties

Outreach Efforts

What we have learned:

- Performance audit is not a silver bullet
- Governmental performance is about accountability
- Feeling that state government represents citizens' interest is at record low
- Fewer think taxes are relatively high, but one-third think money is not well spent

Outreach Efforts

Six top performance audit priorities for citizens:

- Public schools
- Health care
- Transportation
- Social services
- Public safety
- Environment

Outreach Efforts

What's working better

- Online information:
 - Access Washington
 - Department of Licensing
 - Department of Revenue
- Customer service
- Communication

Status Report on Performance Audit

Contracts signed or under negotiation:

(1) DOT construction management, maintenance and consumables and (2) Washington State Ferries

Open requests for proposals:

- DOT administration and overhead
- Department of Health: Health professions licensing
- K-12: Educational Service Districts and school districts

Establishing the following requests for proposals:

- DOT: Highway management efficiency
- Sound Transit
- Port of Seattle

RFPs posted on Web site

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